

Message Text

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R 201659Z JUN 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 1832
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY MADRID
AMEMBASSY MOSCOW
AMCONSUL OPORTO
AMEMBASSY PARIS
AMCONSUL PONTA DELGADA
USMISSION NATO
DIA WASHDC
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L SECTION 1 OF 2 LISBON 4750

E.O. 11652: XGDS-4
TAGS: EAGR, PINT, AO, PO
SUBJ: THE PRESIDENT'S VIEWS ON AGRARIAN REFORM AND ANGOLA

SUMMARY: IN A JUNE 16 MEETING WITH THE AMBASSADOR, TOP
PRESIDENTIAL STAFFER HENRIQUE GRANADEIRO SAID HE EXPECTED
THE COMMUNISTS TO PULL OUT ALL THE STOPS TO BLOCK NEW AGRARIAN
REFORM LEGISLATION. WE BELIEVE, HOWEVER, APPROVAL BY THE
ASSEMBLY IS VIRTUALLY ASSURED. IMPLEMENTATION WILL BE
MORE DIFFICULT. BUT THE PRESIDENT IS CONFIDENT HE CAN
HANDLE THE COMMUNISTS. GRANADEIRO SAID THE PRESIDENT'S
ANALYSIS OF RECENT EVENTS IN ANGOLA PARALLELS OUR OWN; THE
TURMOIL THERE IS FAR FROM OVER. END SUMMARY.

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1. PCP PUSH IN AGRARIAN SECTOR: GRANADEIRO SAID THE
COMMUNISTS WERE PREPARED TO PULL OUT ALL THE STOPS
TO BLOCK THE NEW AGRARIAN REFORM LEGISLATION INTRODUCED
ON JUNE 14. THE PCP WAS PREPARED TO ACCEPT PRACTICALLY
ALL OTHER PENDING MEASURES IN THE ASSEMBLY -- THE
STRIKE LAW, WORKER CONTROL, THE MID-TERM PLAN --
BUT THE COMMUNISTS WOULD NOT ACCEPT A MEASURE WHICH WENT

STRAIGHT TO THE HEART OF THEIR CONTROL APPARATUS. THE PRESIDENT FULLY EXPECTS THE COMMUNISTS TO GO TO THE STREETS RATHER THAN SUBMIT.

2. REVISIONS ARE ESSENTIAL: BUT, GRANADEIRO STRESSED, IMPLEMENTATION OF THE NEW AGRARIAN LEGISLATION IS ABSOLUTELY ESSENTIAL. THE OLD LEGISLATION, UNLESS SUBSTANTIALLY REVISED, WOULD RESULT IN A "NEW FEUDALISM" BEING FASTENED ON THE RURAL ALENTEJO -- THIS TIME WITH THE COMMUNISTS AS THE MASTERS. THE PRESIDENT WANTED TO ENSURE THAT CONDITIONS WERE RIGHT BEFORE THE NEW LEGISLATION CAME TO A VOTE. HE HAD "SENT A SIGNAL" BOTH TO THE PSD AND THE CDS. ALL DEMOCRATIC ELEMENTS, INCLUDING THE MILITARY, NEEDED TO STAND TOGETHER ON THE AGRARIAN ISSUE. THE PRESIDENT, GRANADEIRO SAID, WAS WILLING TO CALL THE ASSEMBLY BACK INTO EXTRAORDINARY SESSION AND EVEN TO SET ITS AGENDA IF IT BALKED AT PASSAGE OF THE NEW LEGISLATION.

3. PRESIDENT'S WORDS MISINTERPRETED: COMMENTING ON THE PRESIDENT'S CONTROVERSIAL APRIL 25 SPEECH (WHICH GRANADEIRO ACKNOWLEDGED DRAFTING) GRANADEIRO SAID THE SOCIALISTS HAD MISINTERPRETED THE PRESIDENT'S REMARKS. THE PRESIDENT HAD NOT INTENDED TO KNOCK THE GOVERNMENT BUT RATHER GIVE IT A "SLIGHT PUSH." THE PRESIDENT'S WORDS WERE INTENDED AS A GESTURE OF SUPPORT TO THE CONFIDENTIAL

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GOVERNMENT, BUT THE GOVERNMENT HAD NOT BEEN LISTENING. THE DEMOCRATIC OPPOSITION HAD NOT SURPRISINGLY SOUGHT TO EXPLOIT THE PRESIDENT'S COMMENTS. THIS, HOWEVER, WAS FAR LESS DISTURBING THAN THE MISREADING BY THE SOCIALISTS. THE PRESIDENT CONTINUES TO SUPPORT THE GOVERNMENT AND PRIME MINISTER SOARES. THERE IS CURRENTLY NO DEMOCRATIC ALTERNATIVE.

4. AFRICAN DEVELOPMENTS: NOTING THAT THE PRESIDENT'S ANALYSIS OF AFRICAN DEVELOPMENTS, PARTICULARLY RECENT EVENTS IN ANGOLA, PARALLELS OUR OWN, GRANADEIRO MADE THE FOLLOWING POINTS:

-- THE SOVIETS ASSESS NITO ALVES AS A "PRIMATE." HE HAD MADE A VERY NEGATIVE IMPRESSION DURING HIS VISIT TO MOSCOW.

-- THE TURMOIL IN ANGOLA IS FAR FROM OVER. AGOSTINHO NETO HAS BECOME MORE ISOLATED. THE RECENT MILITARY ACTION ELIMINATED SOME OF THE RELATIVELY MODERATE FIGURES AROUND HIM.

-- LUCIO LARA IS THE MAN TO WATCH IN LUANDA. HIS FORTUNES ARE ON THE RISE.

-- AGOSTINHO NETO IS MORE THAN EVER DEPENDENT UPON

THE CUBANS.

-- THERE APPARENTLY HAS BEEN NO FALLING OUT BETWEEN THE CUBANS AND SOVIETS AS A RESULT OF EVENTS IN ANGOLA. RECENT STATEMENTS BY NETO PRAISING BOTH THE CUBANS AND THE SOVIETS SUPPORT THIS THESIS.

-- FLEC, UNITA, AND FNLA FAILURE TO EXPLOIT THE TURMOIL IS PUZZLING.

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5. COMMENT: THE COMMUNISTS ARE GEARING UP FOR A MAJOR EFFORT TO CONVINCE THE GOVERNMENT TO BACK DOWN ON ITS AGRARIAN REFORM PROPOSALS. THEY HAVE BRANDED THE NEW LEGISLATION AS A SELL-OUT TO THE BIG LAND OWNERS AND AS FURTHER EVIDENCE OF THE "CAPITALIST RECOVERY" POLICIES BEING PURSUED BY THE SOCIALISTS. THE PCP CONTROLLED PRESS HAS KEPT UP A STEADY DRUM BEAT OF ATTACKS AGAINST AGRICULTURE MINISTER BARRETO AND HIS TOP AIDE CARLOS PORTAS. THE JUNE 22 NATIONAL DAY OF DEMONSTRATIONS AGAINST THE RISING COST OF LIVING BEING ORGANIZED BY THE COMMUNIST CONTROLLED CGTP IS BEING EXTENDED TO RURAL AREAS; DEFENSE OF AGRARIAN REFORM IS BECOMING THE DOMINANT

THEME. AT THE SAME TIME THE PCP PRESS IS GIVING FULL
AND FAVORABLE COVERAGE TO THE ACTIVITIES OF DISSIDENT
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PS LEFT WINGERS LED BY FORMER AGRICULTURE MINISTER
LOPES CARDOSO. CARDOSO AND HIS FRIENDS HAVE
CHALLENGED THE PS LEADERSHIP TO LIVE UP TO THE
SOCIALIST PROGRAM AND TO STAY WITH THE AGRARIAN REFORM
PROGRAM ALREADY ON THE BOOKS. A SHOWDOWN WITH THE PS
LEFT WING COULD OCCUR OVER THE AGRARIAN REFORM ISSUE.
WITH THE PRESIDENT FIRMLY BEHIND THE LEGISLATION AND
THE PSD AND CDS INCLINED TO GO ALONG, THE COMMUNISTS
AND THE PS LEFT WINGERS ARE LIKELY TO COME OUT ON THE SHORT
END ON THIS ONE.
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